SRV GROUP PLC INTERIM REPORT 8 August 2012, 8.30 a.m. EET

SRV IMPROVES PROFITABILITY AND RETAINS A STRONG ORDER BACKLOG — SRV'S INTERIM REPORT 1 JANUARY – 30 JUNE 2012

Reporting period 1 January–30 January 2012 in brief:

- SRV's revenue was EUR 310.4 million (EUR 269.2 million in January-June 2011), change +15.3 %
- Operating profit was EUR 4.9 million (EUR 0.7 million), change 604.6 % positive
- Profit before taxes was EUR 2.8 million (EUR 0.0 million)
- The order backlog at the close of the review period was EUR 746.3 million (EUR 673.5 million), change +10.8 %
- Equity ratio was 29.7 per cent (31.7 %)
- Earnings per share were EUR 0.03 (EUR -0.01)

SRV's outlook for 2012 remains unchanged. The Group's full-year revenue is estimated to be at least on a par with the previous year (EUR 672.2 million 1-12/2011). The Group's profit before taxes is estimated to exceed the level of the previous year (EUR 10.8 million).

Second quarter 1 April – 30 June 2012 in brief:

- Revenue amounted to EUR 169.7 million (EUR 136.6 million in 4-6/ 2011)
- Operating profit was EUR 3.1 million (EUR -0.3 million)
- Profit before taxes was EUR 2.5 million (EUR -1.7 million)
- Earnings per share were EUR 0.04 (EUR -0.06)

The interim report has been prepared in accordance with IAS 34. The disclosed information is unaudited.

CEO Jukka Hienonen comments on SRV's result:

Our revenue and order book grew in January-June by double-digit percentage figures. Our operating profit clearly improved from last year, despite a write-down of just over one million euros, but it still remains well below our target level. We expect our profit level to continue to improve in the latter part of the year and revenue to be at least at last year's record level.

Global and European economic problems are continually showing new signs of chronic deterioration. The cyclical fluctuation of our industry has lost its predictability. It appears that we will have to learn to operate in a new environment in which we cannot expect a boost to our business from economic growth. We in SRV have therefore begun to examine our projects more critically than before against different scenarios and to ensure sufficient room for manoeuvre as economic and market situations fluctuate.

The housing market continues to be favourable, enhanced by low interest rates. A third of our over 2,000 apartment production is on a developer-contracting basis and the remainder are rental or right-of-occupancy apartments for sector operators. The improvement of our result in the early part of the year was based particularly on increased housing production, where sales have remained buoyant. We are one of the biggest housing builders in the Helsinki Metropolitan Area.

On the business premises side, we are proceeding cautiously. We have no substantial developer-contracting business premises projects under way in addition to the future head office property. We will take controlled risks, however, particularly in logistics properties, where committed capital is low and our feel for the market is more concrete. In contracts, competition has become unhealthy in places. Due to our flexible structure, however, we can voluntarily refrain from participating in unprofitable contracts.

In international business our focus is on Russia, where we are proceeding according to plan in the Pearl Plaza shopping centre project both in terms of construction and commercialisation. The shopping centre jointly owned with a Chinese partner, will be completed next year and more than half of the area has already been rented.

This decade, our operations will be marked by substantial area projects, such as the Kalasatama Centre and the Keilaniemi towers. In these, the construction and commercialisation schedules have been planned to be flexible so that we can phase the projects according to the market situation. As we improve our cost efficiency, we will simultaneously shift our production focus to developer-contracting projects in order to improve the profitability of projects.

Overall review

The trends in SRV’s revenue and order backlog remained favourable in the review period. The order backlog grew by 10.8 per cent and came to EUR 746.3 million (EUR 673.5 million on 30 June 2011). Due to growth in revenue from both domestic and international operations, the Group’s revenue grew by 15.3 per cent to EUR 310.4 million (EUR 269.2 million 1-6/2011).

The Group’s operating profit was EUR 4.9 million (EUR 0.7 million in 1-6 2011). Positive development in domestic business had a positive impact on operating profit. Operating profit was taxed by EUR 1.1 million non-recurring depreciation recorded in January in International Business as a result of a fire that destroyed a warehouse building. The Group's profit before taxes was EUR 2.8 million (EUR 0.0 million 1-6/2011). Financial expenses grew from the reference period. Financial items in the reference period were affected by gains from interest rate swaps, exchange rate gains and affiliate-derived financial income.

Revenue from Operations in Finland was EUR 271.4 million (EUR 255.1 million 1-6/2011) and operating profit was EUR 11.3 million (EUR 7.7 million). Domestic order backlog grew to EUR 661.7 million (EUR 564.8 million on 30 June 2011).

Although revenue from domestic commercial construction fell, profitability improved. Profitability in this sector was impacted by the order backlog consisting mostly of low-margin projects. To improve profitability, SRV aims to move its focus to own project development. The order backlog for commercial construction grew to EUR 325.4 million (EUR 233.3 million on 30 June 2011).

Revenue for domestic housing construction grew and profitability improved. Sales volumes in developer-contracted housing production rose considerably in the second quarter (154 units in 4-6/2012) from the first quarter (98 units in 1-3/2012). SRV has increased both its rental and owner-occupied housing production, making the company a major housing constructor in its operating areas. SRV’s ongoing housing construction amounted to 2,060 housing units (2,243 on 30 June 2011). 82 per cent of housing units under construction have been sold, and 71 per cent of production consists of rental and right-of-occupancy units. SRV has 596 developer-contracted housing units under construction. Based on advance marketing, the decision has been made to initiate the construction of 203 additional housing units. The order backlog for housing construction came to EUR 336.4 million (EUR 331.5 million).

Revenue from International Operations grew to EUR 39.0 million (EUR 13.7 million). Construction of the Pearl Plaza shopping centre, owned 50% by SRV, generated most of the revenue. Due to the project development nature of this business, its result remained in the red. SRV aims to tap into the market potential in Russia through developer-contracted property development projects financed with the support of the Russia Invest investment company and the investment potential of the VTB and Ashmore property funds.

Group's second-quarter revenue amounted to EUR 169.7 million (EUR 136.6 million) and operating profit EUR 3.1 million (EUR -0.3 million). The growth of revenue and operating profit was affected especially by completion of domestic housing production projects.

SRV's own project development operations pave the way to increasing operating volume in Finland. These projects require long-term development work and are carried out over the course of several years. Many of SRV's projects are so-called landmark projects – innovative new solutions for the needs of sustainable regional construction. Such projects include, for example, the Keilaniemi Towers housing project, the development project for the vicinity of the Niittykumpu metro station in Espoo, and the Kalasatama development project in Helsinki, whose implementation agreement was signed in August 2011.

Group key figures (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	**310.4**	269.2	41.3	15.3	169.7	136.6	**672.2**
Operating profit	**4.9**	0.7	4.2	604.6	3.1	-0.3	**14.1**
Financial income and expenses, total	**-2.1**	-0.7	-1.4		-0.6	-1.4	**-3.3**
Profit before taxes	**2.8**	0.0	2.8		2.5	-1.7	**10.8**
Order backlog	**746.3**	673.5	72.8	10.8			**810.8**
New agreements	**208.1**	310.9	-102.8	-33.1	142.5	90.6	**811.6**
Operating profit, %	**1.6**	0.3			1.8	-0.2	**2.1**
Net profit, %	**0.4**	-0.4			0.9	-1.6	**0.8**
Equity ratio, %	**29.7**	31.7					**31.0**
Net interest bearing debt	**288.0**	263.5					**271.8**
Gearing, %	**172.3**	162.2					**160.2**
Return on investment, % 1)	**2.7**	1.4					**4.5**
Return on equity, % 1)	**1.3**	-1.3					**3.3**
Earnings per share, EUR	**0.03**	-0.01			0.04	-0.06	**0.17**
Equity per share, EUR	**4.61**	4.51					**4.68**
Weighted average number of shares outstanding	**35.5**	34.5		2.8			**35.0**

1) In calculationg the key ratio only the profit for the period has been annualised

Key figures for the Segments

Revenue (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Domestic operations	**271.4**	255.1	16.3	6.4	150.8	131.2	**632.3**
International operations	**39.0**	13.7	25.3	185.3	18.9	5.3	**39.0**
Other Operations	**7.4**	6.3	1.1	17.0	3.7	3.1	**12.7**
Eliminations	**-7.4**	-5.9	-1.5		-3.7	-2.9	**-11.8**
Group, total	**310.4**	269.2	41.3	15.3	169.7	136.6	**672.2**

Operating profit (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Domestic operations	**11.3**	7.7	3.6	47.1	5.8	3.3	**27.9**
International operations	**-4.5**	-4.3	-0.2		-1.9	-1.9	**-8.3**
Other Operations	**-1.9**	-2.7	0.8		-0.9	-1.7	**-5.5**
Eliminations	**0.0**	0.0	0.0		0.0	0.0	**0.0**
Group, total	**4.9**	0.7	4.2	604.6	3.1	-0.3	**14.1**

Operating profit (%)	**1-6/2012**	1-6/2011	4-6/2012	4-6/2011	**1-12/2011**
Domestic operations	**4.1**	3.0	3.9	2.5	**4.4**
International operations	**-11.5**	-31.4	-9.9	-36.2	**-21.3**
Group, total	**1.6**	0.3	1.8	-0.2	**2.1**

Order backlog (EUR million)	**30.6.12**	30.6.11	change, MEUR	change %	**31.12.11**
Domestic operations	**661.7**	564.8	97.0	17.2	**711.2**
International operations	**84.5**	108.7	-24.2	-22.2	**99.6**
Group, total	**746.3**	673.5	72.8	10.8	**810.8**
- sold order backlog	551	530	21	3.9	596
- unsold order backlog	195	143	52	36.2	215

Earnings trends of the Segments

Domestic operations (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	**271.4**	255.1	16.3	6.4	150.8	131.2	**632.3**
- business construction	**142.9**	161.6	-18.8	-11.6	80.9	86.4	**379.6**
- housing construction	**128.6**	93.5	35.0	37.5	69.9	44.8	**252.8**
Operating profit	**11.3**	7.7	3.6	47.1	5.8	3.3	**27.9**
Operating profit, %	**4.1**	3.0			3.9	2.5	**4.4**
Order backlog	**661.7**	564.8	97.0	17.2			**711.2**
- business construction	**325.4**	233.3	92.1	39.5			**362.2**
- housing construction	**336.4**	331.5	4.9	1.5			**349.0**

The Operations in Finland business area consists of SRV's construction projects and property development in Finland. Operations in Finland are divided into housing construction and commercial construction, which comprises retail, office, logistics, earthworks and rock construction operations.

Revenue for Operations in Finland amounted to EUR 271.4 million (EUR 255.1 million 1-6/2011), and it accounted for 87 per cent of the Group’s revenue (95 per cent). Operating profit was EUR 11.3 million (EUR 7.7 million), generating an operating profit margin of 4.1 per cent (3.0 %). Operating profit in the reference period was affected by the weaker profitability of commercial construction caused by the high proportion of contracting projects in the order backlog, as well as lower profit margins and higher construction costs. Order backlog grew to EUR 661.7 million (EUR 564.8 million on 30 June 2011).

Second-quarter revenue amounted to EUR 150.8 million (EUR 131.2 million 4-6/2011) and operating profit was EUR 5.8 million (EUR 3.3 million). Growth of revenue and operating profit could be primarily attributed to the recognition of completed and delivered housing projects. Housing sales saw positive development in the second quarter with a total of 235 units (143) sold to consumers and investors.

Commercial construction

Revenue for commercial construction was EUR 142.9 million (EUR 161.6 million in 1-6/ 2011). The order backlog was EUR 325.4 million (EUR 233.3 million on 30 June 2011). Competition for new contracts remained tight.

During the review period, SRV completed the Kaisa Building for the University of Helsinki Property Services under a project management contract. The building will house the University’s City Centre Campus Library. In Vantaa, the renovation of the city hall was completed, together with the Pessi day care centre. Other projects completed during the review period included a new building for the Jyväskylä Hospital School, commissioned by Jyväskylän Tilapalvelut Oy, the basic renovation of the Viikki laboratory building commissioned by the University of Helsinki, the new Paavola Bridge in Lohja, and the VW-Center in Turku. Of SRV’s commercial development projects, the STC Tuupakka logistics centre constructed for the Tapiola General Mutual Insurance Company, the S-market grocery store in Juvankartano, Espoo, owned by Pohjola Insurance Ltd, and storage facilities for the Finnish National Opera in Nurmijärvi were completed.

During the review period, new contracts worth EUR 62.0 million were signed with external clients. SRV concluded a contract with Kesko to renovate the Ruoholahti shopping centre in Helsinki, and to renovate and expand the Merituuli shopping centre in Espoo. Contracts signed with Sponda covered the expansion of the renovation project of the Kaivokatu tunnel in central Helsinki. SRV renovates a parish hall in Oulu City centre, a health centre in Laukaa, and expands the parking garage at the Jorvi Hospital in Espoo. In addition, SRV will build business premises for Autofenno Oy in Turku.

Infrastructure construction of the Kalasatama centre moved ahead as planned, and the construction plans and schedules of the project were fine-tuned. In Perkkaa, Espoo, SRV is implementing a developer-contracted project for business premises that will be completed in 2012–2013, consisting of three office buildings with a total floor area of 20,000 m2. The head offices of Siemens Osakeyhtiö and SRV will be constructed at this site. The first phase of the project will be completed in August 2012, and sales work is under way with the objective of selling the property to investors during 2012.

Housing construction

Revenue for housing construction was EUR 128.6 million (EUR 93.5 million in 1-6/ 2011). The order backlog was EUR 336.4 million (EUR 331.5 million on 30 June 2011). At the end of the review period, SRV had a total of 2,060 units (2,243) under construction. In addition, SRV is renovating 300 housing units in Helsinki. Of the housing units under construction, 82 per cent were contracted housing units or own sold production.

SRV completed the Vanhalinna property consisting of 309 rental housing units for the Tapiola Group in Helsinki's Itäkeskus district during the review period. Other completed projects in the Greater Helsinki area included the 66 units built for VVO on Agronominkatu street in Helsinki, 58 units built for Asokodit on Klariksentie in Espoo, and 62 units built in conjunction with the assisted-living facility in Kauklahti. In Pirkanmaa, SRV completed a total of 73 units for YH in Kangasala and Ylöjärvi.

During the review period, housing construction contracts worth EUR 85.9 million were signed with external clients. A total of 421 housing units will be completed at these sites. A residential block featuring 133 units, both owner-occupied and rental, will be built for Sato in the Kalasatama district of Helsinki. A project agreement for 56 housing units in Maununkatu, Nokia and for 42 units in Sorakuopankatu, Tampere, was concluded with YH-Länsi.

SRV will construct 26 housing units in Vanttila, Espoo and 35 units in Länsi-Toppila, Oulu for TA. The apartment building to be constructed in Oulu is SRV’s first project in the new Satamaranta residential area, where the company holds building rights for a total of approximately 70,000 square metres of floor area. An apartment building with 81 housing units on SRV's own plot in Tikkurila, Vantaa, scheduled to be completed at the end of 2013, was sold to IceCapital. SRV entered into an alliance with the University of Helsinki to construct a property on Vuolukiventie in Helsinki that will feature 26 new housing units and 300 refurbished units.

During the period, SRV launched the construction of 195 developer contracting housing units that will be sold to consumers within the framework of the RS system. In Vallila, Helsinki, a new housing project – Kesäheila, consisting of 51 units – was started up in a block where SRV is building Helsingin Vallilan Lieska, which is to be completed at the year end. Projects launched in Tampere included the Neitoperhonen terraced house featuring 26 housing units along the Lake Pyhäjärvi shoreline in Pohtola, and the Herttua apartment building in Rahola with 26 housing units. In addition, 41 housing units will be built in Pähkinäpolku, Pirkkala, 29 units in Tyyni, Lahti, and 24 units in Kantele, Kaarina. In addition to the projects launched during the review period, SRV has decided to initiate developer-contracted projects for a total of 203 housing units, 83 of which will be built in Helsinki, 95 in Espoo and 25 in Jyväskylä.

In total, 252 (290) of the developer-contracted housing units within the scope of the RS system were sold during the review period. An additional 116 (90) units were sold to investors under negotiation contracts. At the end of the period, 596 (824) housing units for the consumer market were under construction; of these, 375 (404) had not yet been sold. There were 85 (53) completed but unsold residential units. A total of 221 (108) developer-contracted residential units were completed during the review period. The number of completed units in the Greater Helsinki area was 109, in Pirkanmaa 60, in Jyväskylä 26 and in Kaarina 26. Based on current completion schedules, SRV estimates that a total of 451 developer-contracted residential units will be completed in 2012, and 95 in the third quarter.

Housing production in Finland	**1-6/ 2012**	1-6/ 2011	change, units	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Developer contracting						
Start-ups	**195**	327	-132	171	205	**579**
Sold	**252**	290	-38	154	143	**482**
Completed	**221**	108	113	122	41	**533**
Completed and unsold	**85**	53	32			**90**
Under construction, total 1)	**2 060**	2 243	-183			**2 197**
- negotiation and construction contracts 1))	**1 464**	1 419	45			**1 575**
- developer contracting 1)	**596**	824	-228			**622**
- of which sold 1)	**221**	420	-199			**195**
- of which unsold 1)	**375**	404	-29			**427**

1) at the end of the period

The order backlog for housing construction came to EUR 336.4 million (EUR 331.5 million 6/2011). The order backlog for contracts and negotiated contracts grew to EUR 155 million (EUR 124 million), and its share of the order backlog was 46 per cent (37 per cent). Of the housing production order backlog, EUR 212 million (EUR 218 million) was sold. The completed but unsold order backlog was EUR 21 million (EUR 21 million). The developer-contracted unsold order backlog under construction amounted to EUR 103 million (EUR 92 million).

Order backlog, housing construction in Finland (EUR million)	**30.6.12**	30.6.11	change, MEUR	**31.12.11**
Negotiation and construction contracts	**155**	124	31	**160**
Under construction, sold developer contracting	**56**	94	-38	**49**
Under construction, unsold developer contracting	**103**	92	11	**115**
Completed and unsold developer contracting	**21**	21	0	**26**
Total	**336**	**332**	**5**	**349**

SRV and Stora Enso, in cooperation with the City of Helsinki, are organising an architectural design competition for Wood City, a project that will be constructed in the Jätkäsaari district in Helsinki. The goal of the project is to create a world-class urban quarter that represents cutting-edge Finnish wood construction technology. The competition period runs from 16 February to 14 August 2012.

SRV continued to participate in the RYM PRE research programme work package, led by Senate Properties, which will continue until the end of 2013. The objective of the programme is to create a business model and an operational culture that utilise information modelling and support sustainable development for the built environment. SRV's research project deals with developing a general information model process that supports the progress of construction projects through modelling, and facilitates optimal cooperation.

International Operations (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	**39.0**	13.7	25.3	185.3	18.9	5.3	**39.0**
Operating profit	**-4.5**	-4.3	-0.2		-1.9	-1.9	**-8.3**
Operating profit, %	**-11.5**	-31.4			-9.9	-36.2	**-21.3**
Order backlog	**84.5**	108.7	-24.2	-22.2			**99.6**

International Operations comprise the business activities in Russia and the Baltic countries.

Revenue for International Operations amounted to EUR 39.0 million (EUR 13.7 million 1-6/2011), and it accounted for 13 per cent of the Group's revenue (5 per cent). Construction of the OOO Pearl Plaza shopping centre generated most of the revenue. Operating loss was EUR -4.5 million (EUR -4.3 million). Revenue grew thanks to the higher level of activity. Factors eroding operating profit included the project development nature of operations, the elimination of a proportion equivalent to SRV's ownership from the profit margin of the construction of the shopping centre, and the EUR 1.1 million non-recurring depreciation recorded for a warehouse destroyed in SRV's Septem City block in St. Petersburg. The order backlog was EUR 84.5 million (EUR 108.7 million on 30 June 2011).

Second-quarter revenue amounted to EUR 18.9 million (EUR 5.3 million 4-6/2011) and operating profit was EUR -1.9 million (EUR -1.9 million). Revenue grew thanks to the higher level of activity.

Russia

Investment analysis for the Russia Invest investment company, established in September 2011 by SRV, Ilmarinen, Sponda, Etera and Onvest, continued actively in Moscow and St. Petersburg. SRV is responsible for the project development of Russia Invest, and acts as the project management contractor for projects approved by the investment company. Shareholders have committed to investing a total of EUR 95.5 million, of which SRV's stake is EUR 26 million. The capital will be tied up when investments have been identified and investment decisions finalised. Development projects are otherwise financed with project-specific bank loans, which means the total investment might reach approximately EUR 300 million. The stakeholders' objective is to withdraw from developed projects within roughly three years after their completion.

Construction of the OOO Pearl Plaza shopping centre, owned jointly by SRV and the Shanghai Industrial Investment Company, is in full swing. Total investment in the project amounts to approximately EUR 135 million. SRV's ownership in the joint venture is 50 per cent, and SRV has invested roughly EUR 20 million in the project. In addition to investment from the owners, the required bank financing has been secured with a EUR 95 million financing agreement with a partner from China. In line with the project management contractor agreement, SRV is responsible for planning, constructing, developing and leasing out the site. The total value of SRV's projects at the site exceeds EUR 100 million. The site received a building permit at the end of September 2011. The shopping centre will be completed in 2013. The first anchor tenant agreement for leasing 7,600 m2 of hypermarket space to Prisma was signed with SOK; currently, space reserved by tenants exceeds 25,000 m2 (roughly 52 per cent of space available for rent).

In St. Petersburg, SRV continued to develop the Septem City project, which comprises 8.5 hectares of land in the Ohta region. The plans for the area include constructing a shopping centre, office and business premises, as well as premises for hotel, restaurant, and entertainment services. This project will be implemented in several phases and the first phase will be to construct the shopping centre. The shopping centre concept has received preliminary approval, and the process of detaching the first phase as its own legal structure has been completed. In January, a fire at the site destroyed a building that had been used as a warehouse. The fire will not impact the development of the site. The warehouse is located in the area included in the first phase. Demolition work on the warehouse began at the end of June. Capital invested in the land area and site development amounts to EUR 61.9 million. Further investment in land acquisition by SRV is estimated at EUR 3.6 million. At the moment, SRV owns 87.5% of the project, but its ownership will decline to 77.5 per cent when all land-ownership arrangements have been completed according to the cooperation contract.

Analysis of the VTBC-Ashmore Real Estate Partners I investment sites in Moscow continued during the review period. The fund invests primarily in the construction of offices, commercial premises, hotels, and upscale housing in Moscow and St. Petersburg. SRV's share of the investment commitments in the first phase is EUR 20 million. The other investors involved in the fund are VTB Capital and Ashmore Group Plc ('Ashmore'), together with the funds they control, as well as the Finnish pension insurance companies Ilmarinen and Etera. VTB Capital and Ashmore are partners in the fund’s General Partner company and also act as asset managers, taking care of investment identification and financing arrangement tasks. SRV acts both as an investor and project management contractor with respect to the fund, through which it expects to receive at least EUR 200 million worth of project management contracts. The fund’s first investment was made in September 2011, when it acquired an office and logistics property in Moscow.

The current office space of the Etmia II office and parking garage project in downtown Moscow has been leased out in its entirety. Leasable area will be expanded by about a fifth. Most of this expansion space has already been leased, and the rental income in 2013 is estimated to total approximately EUR 4.2 million. SRV is a co-owner in the project with a 50 per cent stake, and also acted as the project management contractor. Project sales efforts are in progress, and the objective is to sell the project to investors during 2012.

Development of the St. Petersburg Eurograd logistics area has been temporarily discontinued due to the financing difficulties of the local partner. SRV has 49 per cent ownership in the Russian company that owns a 24.9 hectare land area located north of St. Petersburg, in the immediate vicinity of the Ring Road. There are plans to build more than 100,000 square metres of logistics premises in several phases over the course of the next few years. The zoning of the area for logistics has been completed.

The financing of the Mytishi shopping centre project in the Moscow region has not advanced, and the feasibility of alternative concepts is being studied. The majority owner of the project is the Finnish real-estate investment company Vicus, with a 75 per cent stake. SRV owns 25 per cent of the shopping centre project and its total investments amount to EUR 7.5 million.

The renovation of the Aeroport hotel at Moscow’s Sheremetyevo airport continues, as do the renovation works of the Pulkovskaya hotel in St. Petersburg and the Pribaltiskaya Aquapark. All three hotels belong to the Wenaas Group. The projects are a continuation of cooperation that began already in 2007.

Thirteen apartments in the Papula residential area, SRV’s site in the city of Vyborg, were sold during the review period (five apartments 1-6/2011). At the end of the review period, 9 (16) completed apartments and 18 apartments under construction were unsold. Four of the apartments have been reserved.

Baltic countries

On 8 March 2012, an agreement was signed for the construction of a new bakery building for an Estonian subsidiary of the VAASAN Group. Construction at the site commenced immediately, and the plant will be completed in the spring of 2013. In connection with the contract, SRV sold the site’s lot to VAASAN Baltic AS. The value of the construction project exceeds EUR 10 million. The number of unsold residential units in Estonia was 12 (15). In June, SRV decided to retire from the Latvian real estate market and to focus its Baltic operations on Estonia. The operations of the Latvian subsidiary will be terminated by next autumn. Priit Sauk (M.Sc. Eng.) was appointed CEO of the Estonian subsidiaries effective as of 1 July 2012.

Other Operations (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	**7.4**	6.3	1.1	17.0	3.7	3.1	**12.7**
Operating profit	**-1.9**	-2.7	0.8		-0.9	-1.7	**-5.5**

Other Operations comprise mainly the operations of SRV Group Plc and SRV Kalusto Oy.

Revenue from Other Operations during the review period totalled EUR 7.4 million (EUR 6.3 million in 1-6/2011) and operating profit was EUR -1.9 million (EUR -2.7 million). Revenue growth was driven by higher volume of operations. During the period, development costs expensed for SRV’s projects amounted to EUR 1.4 million (EUR 2.5 million). Second-quarter revenue amounted to EUR 3.7 million (EUR 3.1 million 4-6/2011) and operating profit was EUR -0.9 million (EUR -1.7 million). In the second quarter, EUR 1.0 million (EUR 1.6 million) worth of project development costs were recorded as expenses.

Group project development

SRV continued to pursue active project development during the period. The projects SRV is developing along the western metro line, Länsimetro, progressed well.

On 21 May 2012, Espoo City Council approved the proposed city plan for the Otaniemi and Keilaniemi districts, which permits the construction of four high-rise residential buildings and an office building in the vicinity of the future Keilaniemi metro station. Based on the approval, SRV can go ahead with the planning and commercialisation of the Keilaniemi Towers housing project. Construction start-up is scheduled for early 2014. Project start-up depends on schedule of valid zoning and on the approval of the road plan for Ring Road I. Appeals to administrative court have been loged against the City counsil’s decision.

SRV, in cooperation with Sato Corporation, Mutual Pension Insurance Company Varma and the City of Espoo, is developing the region around the future Niittykumpu metro station. In its meeting on 30 May 2012, the Espoo City Planning Committee approved the proposed first-phase city plan for the area for viewing. The first phase proposal covers approximately 70,000 square metres of floor area, including residential and business premises. The parties aim to have the proposed plan approved during the year.

During the period, the developer responsibilities for premises in the Airut eco block to be constructed in Jätkäsaari were transferred from Sitra to SRV. SRV previously shared developer responsibility with VVO for the residential buildings to be constructed in the block. The Airut block design objectives include minimising the carbon footprint and ensuring that energy consumption in the buildings meets the principles of sustainable development.

Financing and financial position

Net operational cash flow was EUR -10.9 million (EUR -43.5 million in 1-6/2011). The improvement in cash flow from the reference period could be attributed to a decline in receivables in the review period. The Group’s inventories were EUR 383.6 million (EUR 360.6 million), the share of land areas and plot-owning companies being EUR 178.4 million (EUR 196.3 million). The Group’s invested capital amounted to EUR 472.0 million (EUR 446.5 million).

In June, SRV signed a long-term binding EUR 100 million revolving credit facility with a Nordic banking consortium. The loan replaces a syndicated revolving credit facility signed in 2007. The maturity date of the new credit facility is 31 December 2015. The terms of the loan correspond to the terms of SRV’s other loans, and the financial covenant of the loan is the equity ratio, which is also reported to banks for developer contracting projects as a ratio based on the percentage of completion. SRV’s equity ratio based on percentage of completion is 31.5 per cent (on 30 June 2012).

At the end of the review period, the Group’s financing reserves were EUR 101.2 million with the Group’s cash assets amounting to EUR 16.9 million, and open-ended account limits, committed undrawn financing reserves and credit facilities to EUR 84.2 million.

Investments in SRV’s developer-contracted housing and commercial construction projects, under construction and completed, in Finland total EUR 158.9 million. SRV estimates that the completion of these projects requires another EUR 80 million. Moreover, an investment of EUR 25 million is required for the construction of infrastructure in the Kalasatama centre, on which decisions have already been finalised. Undrawn housing corporation loans and receivables for housing construction projects and undrawn commercial construction financing amounted to EUR 89.3 million. Investments in completed international developer-contracted projects amount to EUR 37.5 million, of which EUR 0.8 million relates to unsold residential projects in Estonia, EUR 1.5 million to unsold housing projects in Vyborg, and EUR 35.2 million to the Etmia office project.

Equity ratio was 29.7 per cent (31.7 %). The change in the equity ratio and net liabilities was affected by the increase in inventories. The Group’s shareholders’ equity totalled EUR 167.1 million (EUR 162.5 million on 30 June 2011). The Group’s net interest-bearing liabilities were EUR 288.0 million on 30 June 2012 (EUR 263.5 million). Net financing expenses were EUR -2.1 million (EUR -0.7 million). Return on investment was 2.7 per cent (1.4 per cent) and return on equity 1.3 per cent (-1.3 per cent).

Investments

The Group’s investments totalled EUR 1.2 million (EUR 2.8 million), consisting mostly of investments in funds and the acquisition of machinery and equipment.

Unbuilt land areas, land acquisition commitments and land development agreements

Land reserve 30.6.2012	Business construction	Housing construction	International Operations	Total
Unbuilt land areas and land acquisition commitments				
Building rights*, m^2	**276 000**	**325 000**	**829 000**	**1 430 000**
Land development agreements				
Building rights*, m^2	**658 000**	**315 000**	**152 000**	**1 125 000**

* Building rights also include the estimated building rights/construction volume of unzoned land reserves and land areas covered by agreements in projects that are wholly or partly owned by SRV

Group structure

SRV is Finland's leading project management contractor that builds and develops commercial and business premises, residential units as well as infrastructure and logistics projects. Apart from Finland, the company operates in Russia and Estonia. SRV Group Plc, the Group's parent company, is responsible for the Group's management, treasury, finance and administrative functions. The Property Development and Building Systems units support and serve all of the Group's business operations.

SRV's business areas are Operations in Finland, International Operations, and Other Operations. The Operations in Finland business area consists of SRV's property development and domestic construction operations in Finland. Operations in Finland are divided into housing construction and commercial construction, which comprises retail, office, logistics, earthworks and rock construction operations. International Operations comprises SRV's construction activities and property development in Russia and the Baltic countries. Other Operations consist primarily of the SRV Group Plc and SRV Kalusto Oy operations.

Personnel

SRV had an average payroll of 989 (828) employees, of whom 714 (601) were salaried employees. The parent company had an average staff of 54 (45) salaried employees. At the close of the review period, the Group had 1117 (966) employees, of whom 59 (46) were employed by the parent company. 183 (152) employees were employed by international subsidiaries. SRV's operations in Finland employed a total of 173 (118) summer trainees, students in work training and students working on their thesis or diploma.

SRV's human resources strategy is designed to secure the availability and high motivation of personnel, and to ensure continued competence and leadership development. The objective of the "One SRV" programme is to promote the competence of the leading industry experts, to improve internal cooperation and rewarding practices, to promote internal mobility and to deploy SRV's strategy. To prepare for future recruitment needs, SRV offered more summer jobs and traineeships to students and pursued the efforts started in autumn 2011 involving cooperation with educational institutes, particularly universities and universities of applied sciences, providing education related to the construction industry.

Personnel by business area	**30.6.2012**	30.6.2011	Share of Group personnel, 30.6.2012, %
Domestic operations	**818**	712	73.3
International operations	**194**	164	17.3
Other Operations	**105**	90	9.4
Group, total	**1117**	**966**	100.0

Outlook for construction

The prolonged crisis in Europe and the sluggishness of the world economy may have a negative impact on the outlook of the Finnish economy. Estimates for Finland's economic growth in 2012 are close to zero. Overall, the number of construction start-ups is expected to fall somewhat from the previous year, but construction is expected to take a moderate upward turn in 2013. The building cost index has still risen.

Coupled with high apartment price levels, the general uncertainty has caused the demand for housing units to slow down somewhat. Estimates indicate approximately 28,000 housing unit start-ups for this year (30,200 in 2011). In the longer term, trends such as migration to population growth centres and the smaller size of households will increase the need for housing construction in Finland.

Commercial and office real-estate markets remained muted. Both decrease in demand and increase in supply will continue to put pressure on the utilisation rates of offices in the Helsinki metropolitan area. However, there is some demand for state-of-the-art facilities in prime locations. The number of commercial and office construction start-ups is expected to decrease somewhat from the previous year.

Demand for renovation construction continues to be reasonably good. Growth of the building stock, the ageing of existing buildings, and the modernisation needs created by today's technical standards will support renovation construction also in the future. The weakening of the outlook for civil engineering construction will even out when the impact of the ongoing infrastructure projects begins to be felt.

The ongoing financial crisis in Europe has slowed down economic growth in all Baltic countries after the rapid recovery seen in 2011. Accelerating inflation may hold back domestic demand particularly in Estonia and Lithuania. Activity in the construction sector and real-estate market remains at a low level. This year's GNP growth estimate for the entire Baltic area is approximately 2 per cent.

The Russian economy grew by 4.9 per cent in the first quarter of 2012 thanks to the high price of oil, strong private consumption and pre-election public contributions. The high price of oil and the rise in real wages continue to support economic growth. The GNP growth is expected to continue in 2012 – 2014 at an annual rate of approximately 3.5 per cent.

Risks, risk management and corporate governance

General economic trends and changes in customers' operating environments have an immediate effect on the construction and property markets: they may impact on the development of SRV's order backlog and operational profitability, and lengthen the periods of time and increase the volumes of SRV capital invested in projects. A change in the general interest level has a direct impact on both SRV's cash flow from operating activities and financing costs. The general economic climate is unstable, and the international country-level financing crisis adds to the economic uncertainty. Property values are under pressure because of the economic uncertainty, and the number of property transactions and, in particular, new large-scale project start-ups has decreased due to difficulties in securing financing. Demand for property investments has remained weak. Interest rates are still at a low level. Compared to the time before the recession, financing from banks is more difficult to obtain, bank regulation continues to become more strict, and loan margins are clearly higher and rising. If the international financing crisis escalates, it may continue to increase the cost of financing and weaken its availability. If the availability of financing for clients continues to weaken, client receivables may grow, posing challenges to SRV's liquidity.

SRV's revenue is generated by construction projects, and the company's result depends on the profitability of individual projects as well as their progress. Fierce competition for new orders in the construction sector may affect the volume and profitability of SRV's new order backlog. Particularly with commercial construction projects, agreeing on additional works and alterations may involve financial risks that grow when the economic situation is poor.

In developer-contracted projects, recognition of revenue is based mainly on the completed contract method, and recognition depends on the percentage of sold premises in delivered projects. The delivery schedule of developer-contracted projects can have a material impact on the development of revenue and profit for the financial year and the quarters. Project sales are affected by factors such as the availability of financing for the buyer, and occupancy rate. When sales are delayed, the recognition of revenue and operating profit is delayed correspondingly. Postponed start-ups of developer-contracted projects increase development expenses, which are recognised as costs. The slowdown in housing sales will increase sales and marketing costs and interest expenses in developer-contracted housing production. After a quick contraction, the Finnish housing market has recovered, but the uncertainty of the economy weakens the outlook for apartment sales. The margins on loans banks give to home buyers, and on the housing corporation loans for housing construction, are climbing. Key risks for housing unit demand include developments in consumer confidence, availability of financing, and significantly higher interest rate levels.

Construction is subject to significant cost risks relating to subcontracting and procurements. Long-term planning is vital for keeping these risks under control. SRV's operating model requires an adequate supply of skilled and competent personnel. A weak economic cycle increases financial risks relating to subcontractors. The construction sector has implemented a reverse value added tax policy, which, as a method, requires heightened accuracy from administration. Warranty and liability obligations related to construction can span up to ten years. Construction costs related to various materials have risen substantially, and we have not yet seen any signs of a downturn.

SRV is involved in some arbitration and legal proceedings. SRV's management believes that the cases or their outcome will not have a significant impact on SRV's financial standing. SRV has initiated arbitration proceedings against the real estate company Espoontori pertaining to the renovation contract of the Espoontori shopping centre. Real estate company Espoontori is owned by Citycon Oyj. The financial value of the dispute, including VAT, is approximately EUR 4.2 million. SRV and Kiinteistö Oy Primulan Herkkupaja, owned by Varma Mutual Pension Insurance Company, concluded a contracting agreement on the construction of a bakery building in Järvenpää. The tenant company Järvenpään Herkkutehdas Oy filed for bankruptcy in November 2011, and its parent company Oy Primula Ab was declared bankrupt in May 2012. The contracting parties have differing views over the liability to pay the costs for the additional work and modifications; SRV's claim including value added tax amounts to EUR 3.8 million. In May 2012, SRV filed an application for a summons with the Tuusula District Court regarding the payment liability.

Besides land acquisition risks, property projects face other challenges, such as those related to the outcome of zoning, soil conditions, financing, liquidity of the funding based on financing commitments, commercialisation of projects, partners, and the geographical location and type of project. In line with the IFRS requirements, SRV measures its land reserves at acquisition cost. If the acquisition cost, added with construction costs, is lower than the fair value of the planned project, the value of the property will be reduced. In accordance with its strategy, SRV has focused on developer contracting projects and increased its land acquisition in Finland and Russia in particular. The availability of property financing affects the progress and start-up decisions of development projects. SRV’s goal is to carry out large development projects with project funding and in cooperation with real estate investors. The decline in the availability of investor and project funding may increase SRV's own share of project funding, lowering the Group’s equity ratio, reducing Group liquidity, and hindering the availability of other funding.

The financial risks related to SRV’s operations consist of interest rate, currency, liquidity and contractual party risks, which are discussed in more detail in the Notes to the 2011 Financial Statements. Currency risks are divided into transaction risks and translation risks. Transaction risks are related to currency-denominated business and financing cash flows. Translation risks encompass investments made in foreign subsidiaries, the accounting effects of which are recorded in the translation differences of equity in the consolidated figures.

Liquidity risks may have an effect on the Group’s earnings and cash flow if the Group is unable to ensure sufficient financing for its operations. SRV maintains adequate liquidity by means of efficient management of cash flows and solutions linked to it, such as binding lines of credit that are valid until further notice. The company has a long-term liquidity arrangement (EUR 100 million), part of which will mature in December 2015. The company’s financing agreements contain customary terms and conditions. The financial covenant is the equity ratio, which is also reported to banks for developer contracting projects as a ratio based on percentage of completion.

The Group’s risk management is carried out in line with the Group’s operations system and control is exercised in accordance with the Group strategy approved by the Board of Directors of the Group’s parent company. SRV also makes every effort to cover operational risks by means of insurance and contractual terms.

A more detailed account of SRV’s risks, risk management and corporate governance policies has been disclosed in the 2011 Annual Report and Notes to the Financial Statements.

Corporate governance and resolutions of general meetings

The Annual General Meeting (AGM) of SRV Group Plc was held on 14 March 2012. The AGM adopted the Financial Statements and granted release from liability to the members of the Board of Directors and the President and CEO. As proposed by the Board of Directors, a dividend of EUR 0.12 per share was declared. The dividend was paid on 26 March 2012. Mr Ilpo Kokkila was elected chairman of the Board of Directors and Ms Minna Alitalo, Mr Arto Hiltunen, Mr Olli-Pekka Kallasvuo, Mr Timo Kokkila, and Mr Ilkka Salonen were elected to seats on the Board. The firm of public accountants Ernst & Young Oy was elected as the company’s auditor. Mikko Rytilahti, authorised public accountant, acts as the principal auditor.

The AGM authorised the Board of Directors to decide on the acquisition of the company's own shares, using the company's unrestricted equity. The Board was authorised to acquire a maximum of 3,676,846 own shares in such a manner that the number of shares acquired on the basis of this authorisation when combined with the shares already owned by the company and its subsidiaries does not at any given time exceed 3,676,846 shares, which accounts for 10 per cent of all shares of the company. Based on this authorisation, the Board may acquire a maximum of 3,676,846 shares of the company in public trading arranged by Nasdaq OMX Helsinki Oy at a market price valid at the moment of acquisition, and a maximum of 1,000,000 shares of the company in public trading arranged by Nasdaq OMX Helsinki Oy or otherwise for a maximum price of EUR 4.45 per share, the maximum total being, however, 3,676,846 shares. The aforementioned authorisations include the right to acquire own shares otherwise than in proportion to the holdings of the shareholders. Shares acquired on the basis of this authorisation may be acquired in one or several instalments.

The authorisations as described above shall be in force for 18 months from the decision of the general meeting and cancel the authorisation granted by the Annual General Meeting to the Board of Directors on 15 March 2011.

In its organisational meeting on 14 March 2012, the Board of Directors elected Olli-Pekka Kallasvuo vice chairman of the Board and chairman of the Audit Committee, Minna Alitalo and Timo Kokkila members of the Audit Committee, Arto Hiltunen and Ilkka Salonen members of the Nomination and Remuneration Committee, and Ilpo Kokkila chairman of the Nomination and Remuneration Committee.

Shares and shareholders

SRV Group Plc's share capital is EUR 3,062,520. The share has no nominal value and the number of shares outstanding is 36,768,468. The company has one class of shares. SRV had a total of 5,856 shareholders on 30 June 2012.

The closing price of SRV's share at OMX Helsinki at the end of the review period was EUR 3.30 (EUR 4.00 on 31 December 2011, change -17.5 per cent). SRV's equity per share on 30 June 2012 was EUR 4.61. The highest share price in the review period was EUR 4.89 and the lowest was EUR 3.21. During the same period, the all-share index of the Helsinki Stock Exchange (OMX Helsinki) was down -5.3 per cent, and the OMX Construction and Materials index was up 1.8 per cent.

At the end of the review period, the company had a market capitalisation of EUR 117.1 million, excluding the Group's treasury shares. 2.0 million shares were traded during the period and the trade volume was EUR 8.0 million.

At the end of the review period, SRV and Nordea had a derivative contract (Total Return Swap) for 552,833 SRV shares at a price of EUR 4.45 per share (totalling EUR 2.5 million). These shares are considered to be equivalent to treasury shares held by the company. As the contract matures, the shares will be sold to SRV Group Plc or an entity named by SRV. At the end of the review period, the market capitalisation of the shares was EUR 1.8 million.

At the end of the review period, SRV held 1,270,273 SRV Group Plc shares, taking the derivative contract with Nordea Bank AB into consideration (3.5 per cent of the total number of the company's shares and combined number of votes). On 7 August 2012, taking the derivative contract into consideration, the Group held (1,273,539) shares (3.5 per cent of the total number of the company's shares and votes).

Financial targets

On 15 February 2012, SRV's Board of Directors confirmed the Group's strategy for 2012–2016. The Group's strategic targets are defined as follows:

- SRV's revenue grows faster than the construction industry in general, reaching the level of one billion
- International Operations account for more than 20 per cent of Group revenue
- Operating profit margin will reach 6 per cent
- Return on equity is at least 15 per cent
- Equity ratio will stay above 30 per cent
- The target is to pay dividends equalling 30 per cent of the annual result, taking into account the capital needs of business operations

For the set targets to be achieved, a significant increase in the number of developer-contracted projects is needed.

Events after the end of the reporting period

After the review period, an appeal seeking a change to a Helsinki City Council decision on the Kalasatama Centre city plan was filed with the Helsinki Administrative Court. SRV and the City of Helsinki will review if the appeal has an impact on the current timetable of the Kalasatama Centre project.

The project extends over a lengthy period of time and it is estimated that the possible delay will not have an impact on SRV's full-year guidance or the overall timetable of the project. On 30 June 2012, around EUR 20 million was committed to the Centre's preliminary construction works.

Outlook for 2012

SRV reiterates the outlook for 2012.

The volume and the completion schedules of developer-contracted housing production, trends in the margin of the order backlog, the number of new construction contracts, and the materialisation of planned project sales all have an effect on the trends and allocation of revenue and profitability in 2012. Developer-contracted housing production is recognised upon delivery. Based on the available completion schedules, SRV estimates that a total of 451 developer-contracted residential units will be completed in 2012.

The Group's full-year revenue is estimated to be at least on a par with the previous year level (EUR 672.2 million 1-12/2011). The Group's profit before taxes is estimated to exceed the level of the previous year (EUR 10.8 million).

Espoo 7 August 2012

Board of Directors

All forward-looking statements in this review are based on the management's current expectations and beliefs about future events, and actual results may differ materially from the expectations and beliefs such statements contain.

For further information, please contact

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Key figures:

		1-6/ 2012	1-6/ 2011	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	EUR million	310.4	269.2	169.7	136.6	672.2
Operating profit	EUR million	4.9	0.7	3.1	-0.3	14.1
Operating profit, % of revenue	%	1.6	0.3	1.8	-0.2	2.1
Profit before taxes	EUR million	2.8	0.0	2.5	-1.7	10.8
Profit before taxes, % of revenue	%	0.9	0.0	1.5	-1.3	1.6
Net profit attributable to equity holders of the parent company	EUR million	1.1	-0.5	1.5	-2.1	5.9
Return on equity [1)]	%	1.3	-1.3			3.3
Return on investment [1)]	%	2.7	1.4			4.5
Invested capital	EUR million	472.0	446.5			454.0
Equity ratio	%	29.7	31.7			31.0
Net interest-bearing debt	EUR million	288.0	263.5			271.8
Gearing ratio	%	172.3	162.2			160.2
Order backlog	EUR million	746.3	673.5			810.8
New agreements	EUR million	208.1	310.9			811.6
Personnel on average		989	828			880
Property, plant and equipment investments	EUR million	1.2	2.8	0.6	1.3	10.2
Property, plant and equipment investments, % of revenue	%	0.4	1.0	0.4	1.0	1.5
Earnings per share, share issue adjusted	EUR	0.03	-0.01	0.04	-0.06	0.17
Equity per share, share issue adjusted	EUR	4.61	4.51	-	-	4.68
Dividend per share, share issue adjusted	EUR	0.12	0.12	-	-	0.12
Dividend payout ratio	%	400.0	-1 200.0	-	-	70.6
Dividend yield	%	3.6	2.0	-	-	3.0
Price per earnings ratio		110.0	-600.0	-	-	23.5
Share price development						
Share price at the end of the period	EUR	3.30	6.00	-	-	4.00
Average share price	EUR	4.03	6.76	-	-	5.88
Lowest share price	EUR	3.21	5.60	-	-	3.83
Highest share price	EUR	4.89	7.43	-	-	7.43
Market capitalisation at the end of the period	EUR million	117.1	213.1	-	-	142.0
Trading volume	1,000	1 959	7 563	-	-	8 759
Trading volume	%	5.5	21.9	-	-	25.0
Weighted average number of shares outstanding	1,000	35 499	34 530	-	-	35 023
Number of shares outstanding at the end of the period	1,000	35 498	35 524	-	-	35 503

1) In calculating the key ratio only the profit for the period has been annualised

Calculation of key figures:

Gearing ratio, %	=	100 x	Net interest-bearing debt / Total equity
Return on equity, %	=	100 x	Profit before taxes - income taxes / Total equity, average
Return on investment, %	=	100 x	Profit before taxes + interest and other financial expenses / Invested capital, average
Equity ratio, %	=	100 x	Total equity / Total assets - advances received
Invested capital	=		Total assets - non-interest bearing debt - deferred tax liabilities – provisions
Net interest bearing debt	=		Interest bearing debt - cash and cash equivalents
Earnings per share, share issue adjusted	=		Net profit for the period attributable to equity holders of the parent company / Weighted average number of shares outstanding
Equity per share, share issue adjusted	=		Shareholders' equity attributable to equity holders of the parent company / Number of shares outstanding at the end of the period, share issue adjusted
Price per earnings ratio	=		Share price at the end of the period / Earnings per share, share issue adjusted
Dividend payout ratio, %	=	100 x	Dividend per share. share issue adjusted / Earnings per share, share issue adjusted
Dividend yield, %	=	100 x	Dividend per share. share issue adjusted / Share price at the end of the period, share issue adjusted
Average share price	=		Number of shares traded in euros during the period / Number of shares traded during the period
Market capitalisation at the end of the period	=		Number of shares outstanding at the end of the period x share price at the end of the period
Trading volume	=		Number of shares traded during the period and in relation to the weighted average number of shares outstanding

SRV Group Plc Interim Report 1.1. - 30.6.2012: TABLES

Appendixes
1) Condensed consolidated financial statements: income statement, balance sheet, statement of changes in equity, cash flow statement, commitments and contingent liabilities, derivative contracts liabilities
2) Quarterly development
3) Segment information
4) Events after the reporting period

1. Group financials 1.1. - 30.6.2012

The interim report has been prepared in accordance with the accounting policies set out in the IAS 34 standard and the information disclosed is unaudited. SRV has applied the same accounting principles as in its year-end financial statements for 2011. The figures in the tables have been rounded which should be noted when counting the total sums.

SRV's reporting segments comprise Domestic Operations, International Operations and Other Operations. The operating segment figures are disclosed in accordance with IFRS 8, following the accounting principles applied in the consolidated financial statements.

The following standards, amendments and interpretations shall be applied as from the accounting period beginning on 1 January 2012 or thereafter. Based on current information, these standards, amendments and interpretations have no impact on Group’s financial position. To some extent, they have impact on the presentation of of consolidated financial statements.

- IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets. (effect for financial periods beginning on or after 1 July 2011).
- Annual improvements 2011 (effective on 1 January 2012). The Group will apply this amendment as of 1 January 2012.

Consolidated income statement (EUR million)	**1-6/ 2012**	1-6/ 2011	change, MEUR	change, %	4-6/ 2012	4-6/ 2011	**1-12/ 2011**
Revenue	**310.4**	**269.2**	**41.3**	15.3	**169.7**	**136.6**	**672.2**
Other operating income	1.7	2.2	-0.5	-23.0	0.8	1.1	4.5
Change in inventories of finished goods and work in progress	24.6	25.2	-0.6	-2.4	13.6	25.7	6.1
Use of materials and services	-289.5	-258.6	-30.9	11.9	-159.3	-143.6	-593.2
Employee benefit expenses	-32.7	-27.9	-4.9	17.5	-17.0	-14.9	-55.7
Share of results of associated companies	-0.1	-0.2	0.1	-63.4	-0.2	-0.1	-1.1
Depreciation and impairments	-2.5	-1.6	-0.9	53.6	-0.7	-0.8	-3.8
Other operating expenses	-7.1	-7.7	0.6	-7.3	-3.8	-4.4	-15.0
Operating profit	**4.9**	**0.7**	**4.2**	604.6	**3.1**	**-0.3**	**14.1**
Financial income	1.6	2.4	-0.8	-33.8	0.8	1.0	5.4
Financial expenses	-3.7	-3.2	-0.5	17.4	-1.5	-2.4	-8.7
Financial income and expenses, total	-2.1	-0.7	-1.4	184.5	-0.6	-1.4	-3.3
Profit before taxes	**2.8**	**0.0**	**2.8**		**2.5**	**-1.7**	**10.8**
Income taxes	-1.6	-1.0	-0.7	68.2	-0.9	-0.4	-5.5
Net profit for the period	**1.1**	**-1.0**	**2.1**	-210.4	**1.6**	**-2.1**	5.3
Attributable to							
Equity holders of the parent company	1.1	-0.5			1.5	-2.1	5.9
Non-controlling interests	0.0	-0.5			0.0	-0.1	-0.5
Earnings per share calculated on the profit attributable to equity holders of the parent company (undiluted and diluted)	0.03	-0.01			0.04	-0.06	0.17

Statement of comprehensive income (EUR million)	**1-6/ 2012**	1-6/ 2011	4-6/ 2012	4-6/ 2011	1-12/ 2011
Net profit for the period	**1.1**	**-1.0**	**1.6**	**-2.1**	**5.3**
Other comprehensive income:					
Foreign currency translation differences for foreign operations	0.0	0.0	0.0	0.0	0.1
Gains and losses on remeasuring available-for-sale financial assets	0.0	0.0	0.0	0.0	0.0
Income tax relating to components of other comprehensive income	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period, net of tax	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**
Total comprehensive income for the period	**1.2**	**-1.0**	**1.6**	**-2.1**	**5.4**
Profit for the period attributable to:					
Equity holders of the parent company	1.1	-0.5	1.6	-2.1	5.9
Non-controlling interests	0.0	-0.5	0.0	-0.1	-0.5

Consolidated balance sheet (EUR million)	**30.6.12**	30.6.11	change, %	**31.12.11**
ASSETS				
Non-current assets				
Property, plant and equipment	13.6	15.4	-12.1	15.2
Goodwill	1.7	1.7	0.0	1.7
Other intangible assets	0.5	0.4	42.4	0.5
Other financial assets	10.9	6.0	83.7	10.8
Receivables	8.2	8.3	-0.9	8.2
Loan receivables from associated companies and joint ventures	13.2	12.8	2.7	13.0
Deferred tax assets	5.4	5.9	-7.4	5.0
Non-current assets, total	**53.6**	**50.5**	6.2	**54.4**
Current assets				
Inventories	383.6	360.6	6.4	354.4
Trade and other receivables	113.7	85.4	33.1	133.5
Loan receivables from associated companies and joint ventures	31.6	32.7	-3.3	32.0
Current tax receivables	4.0	2.8	46.0	1.5
Cash and cash equivalents	16.9	20.5	-17.5	12.5
Current assets, total	**549.8**	**502.0**	9.5	**533.9**
ASSETS, TOTAL	**603.4**	**552.4**	9.2	**588.3**

Consolidated balance sheet (EUR million)	**30.6.12**	30.6.11	change, %	**31.12.11**
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent company				
Share capital	3.1	3.1	0.0	3.1
Invested free equity fund	92.2	92.0	0.2	92.1
Translation differences	0.0	-0.1	86.7	-0.1
Fair value reserve	0.0	0.0		0.0
Retained earnings	68.4	65.3	4.8	71.0
Equity attributable to equity holders of the parent company, total	**163.7**	**160.3**	2.1	**166.2**
Non-controlling interests	**3.5**	**2.2**	57.5	**3.5**
Equity, total	**167.1**	**162.5**	2.9	**169.7**
Non-current liabilities				
Deferred tax liabilities	1.4	1.7	-21.8	1.0
Provisions	5.4	4.2	26.7	5.4
Interest-bearing liabilities	135.9	88.0	54.5	90.1
Other liabilities	7.1	0.9	665.6	7.8
Non-current liabilities, total	**149.8**	**94.9**	57.8	**104.4**
Current liabilities				
Trade and other payables	112.2	94.3	19.0	113.6
Current tax payables	1.9	1.7	11.7	2.6
Provisions	3.5	3.0	13.8	3.9
Interest-bearing liabilities	168.9	196.0	-13.8	194.2
Current liabilities, total	**286.5**	**295.1**	-2.9	**314.3**
Liabilities, total	**436.2**	**390.0**	11.9	**418.7**
EQUITY AND LIABILITIES	**603.4**	**552.4**	9.2	**588.3**

Consolidated cash flow statement

(EUR million)	1-6/2012	1-6/2011	1-12/2011
Cash flows from operating activities			
Net profit for the period	**1.1**	**-1.0**	**5.3**
Adjustments:			
Depreciation and impairments	2.5	1.6	3.8
Non-cash transactions	-1.7	0.2	3.9
Financial income and expenses	2.1	0.7	3.3
Capital gains on sales of tangible and intangible assets	0.0	0.0	0.0
Income taxes	1.6	1.0	5.5
Adjustments, total	**4.5**	**3.5**	**16.4**
Changes in working capital:			
Change in loan receivables	20.7	1.7	-18.9
Change in trade and other receivables	0.4	-20.8	-45.6
Change in inventories	-29.4	-36.4	-30.7
Change in trade and other payables	-2.4	13.1	40.1
Changes in working capital, total	**-10.6**	**-42.3**	**-55.1**
Interest paid	-4.4	-4.5	-9.0
Interest received	0.9	2.6	3.1
Dividends received	0.0	0.0	0.0
Income taxes paid	-2.4	-2.1	-5.9
Net cash flow from operating activities	**-10.9**	**-43.8**	**-45.2**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	0.0	-0.8	-0.8
Property, plant and equipment	-0.9	-1.2	-3.1
Intangible assets	-0.1	0.0	-0.2
Other financial assets	-0.2	-0.8	-6.1
Sale of property, plant and equipment and intangible assets	0.1	0.0	0.0
Sale of financial assets	0.1	0.0	0.5
Net cash used in investing activities	**-1.0**	**-2.8**	**-9.7**
Cash flows from financing activities			
Proceeds from loans	38.7	3.0	29.0
Repayments of loans	-9.2	0.0	-11.5
Change in loan receivables	0.0	0.0	0.0
Change in housing corporation loans	17.4	-4.7	1.5
Change in credit limits	-26.3	55.6	35.0
Purchase of treasury shares	0.0	9.9	10.3
Dividends paid	-4.3	-4.1	-4.1
Net cash from financing activities	**16.3**	**59.9**	**60.3**
Net change in cash and cash equivalents	**4.4**	**13.4**	**5.4**
Cash and cash equivalents at the beginning of period	12.5	7.1	7.1
Cash and cash equivalents at the end of period	**16.9**	**20.5**	**12.5**

Statement of changes in Group equity 1.1. - 30.6.2012

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2012	**3.1**	**92.1**	**-0.1**	**0.0**	**71.1**	**166.2**	**3.5**	**169.7**
Total income and expenses for the financial year	**0.0**	**0.0**	**0.0**	**0.0**	**1.1**	**1.1**	**0.0**	**1.1**
Dividends paid	0.0	0.0	0.0	0.0	-4.3	**-4.3**	0.0	**-4.3**
Share based incentive plan	0.0	0.0	0.0	0.0	0.5	**0.6**	0.0	**0.6**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Other changes	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Equity on 30.6.2012	**3.1**	**92.2**	**-0.1**	**0.0**	**68.5**	**163.7**	**3.5**	**167.1**

Statement of changes in Group equity 1.1. - 30.6.2011

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2011	**3.1**	**87.8**	**-0.1**	**0.0**	**63.8**	**154.5**	**2.7**	**157.2**
Total income and expenses for the financial year	**0.0**	**0.0**	**0.0**	**0.0**	**-0.5**	**-0.5**	**-0.5**	**-1.0**
Dividends paid	0.0	0.0	0.0	0.0	-4.1	**-4.1**	0.0	**-4.1**
Share based incentive plan	0.0	0.3	0.0	0.0	0.3	**0.6**	0.0	**0.6**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	4.0	0.0	0.0	5.9	**9.9**	0.0	**9.9**
Other changes	0.0	0.0	0.0	0.0	-0.1	**-0.1**	0.0	**-0.1**
Equity on 30.6.2011	**3.1**	**92.0**	**-0.1**	**0.0**	**65.3**	**160.3**	**2.2**	**162.5**

Statement of changes in Group equity 1.1. - 31.12.2011

(EUR million)	Equity attributable to the equity holders of the parent company: Share capital	Invested free equity fund	Translation differences	Fair value reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1.1.2011	**3.1**	**87.8**	**-0.1**	**0.0**	**63.8**	**154.5**	**2.7**	**157.2**
Total income and expenses for the financial year	**0.0**	**0.0**	**0.1**	**0.0**	**5.9**	**5.9**	**-0.5**	**5.4**
Dividends paid	0.0	0.0	0.0	0.0	-4.1	**-4.1**	0.0	**-4.1**
Share based incentive plan	0.0	0.0	0.0	0.0	0.9	**0.9**	0.0	**0.9**
Purchase of treasury shares	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Sale of treasury shares	0.0	4.4	0.0	0.0	5.9	**10.3**	0.0	**10.3**
Other changes*	0.0	0.0	0.0	0.0	-1.4	**-1.4**	1.3	**-0.1**
Equity on 31.12.2011	**3.1**	**92.1**	**-0.1**	**0.0**	**71.0**	**166.2**	**3.5**	**169.7**

* Other changes includes the loss of acquisition of non-controlling interests EUR 1.3 million.

Commitments and contingent liabilities EUR million	30.6.12	30.6.11	change, %	31.12.11
Collateral given for own liabilities				
Real estate mortgages given[1)]	**354.4**	219.6	61.4	**234.3**
Pledges given	0.0	0.0		0.0
Other commitments				
Guarantees given for liabilities on uncompleted projects	**0.0**	0.0		**0.0**
Investment commitments given	**15.0**	21.3	-29.6	**15.2**
Plots purchase commitments	**120.7**	31.2	286.3	**129.6**

1) Real estate mortgages include the total amount of mortgages given as collateral for developer contracting housing production against the housing corporation loans of uncompleted and unsold completed projects.

Fair and nominal values of derivative instruments	6/2012		6/2011		12/2011	
(EUR million)	Fair Values		Fair Values		Fair Values	
	Positive	Negative	Positive	Negative	Positive	Negative
Hedge accounting not applied						
Foreign exchange forward contracts	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Interest rate swaps	**0.0**	**1.4**	**0.0**	**0.6**	**0.0**	**1.4**

Nominal values of derivative instruments	6/2012	6/2011	12/2011
Foreign exchange forward contracts	**0.0**	**0.0**	**0.0**
Interest rate swaps	**30.0**	**50.0**	**50.0**

The fair values of derivative instruments are based on market prices at the end of the reporting period.
Open foreign exchange forward contracts are hedging the financing cash flow.

2. Group and Segment information by quarter

SRV Group (EUR million)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Revenue	**169.7**	140.7	266.7	136.3	136.6	132.6
Operating profit	**3.1**	1.8	13.2	0.2	-0.3	1.0
Financial income and expenses, total	**-0.6**	-1.5	-0.8	-1.7	-1.4	0.7
Profit before taxes	**2.5**	0.3	12.4	-1.5	-1.7	1.7
Order backlog [1)]	**746.3**	760.7	810.8	862.3	673.5	702.2
New agreements	**142.5**	65.5	196.1	304.6	90.6	220.2
Earnings per share, eur	**0.04**	-0.01	0.24	-0.06	-0.06	0.05
Equity per share, eur [1)]	**4.61**	4.56	4.68	4.44	4.51	4.49
Share price, eur [1)]	**3.30**	4.23	4.00	4.48	6.00	6.75
Equity ratio, % [1)]	**29.7**	31.9	31.0	30.9	31.7	33.2
Net interest bearing debt [1)]	**288.0**	259.5	271.8	269.5	263.5	246.4
Gearing, % [1)]	**172.3**	156.9	160.2	167.3	162.2	159.1

1) In calculating the key ratio only the profit for the period has been annualised

Revenue (EUR million)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**150.8**	120.7	248.9	128.3	131.2	123.9
- business construction	**80.9**	61.9	135.9	82.0	86.4	75.3
- housing construction	**69.9**	58.7	113.0	46.3	44.8	48.8
International operations	**18.9**	20.1	17.5	7.8	5.3	8.4
Other Operations	**3.7**	3.7	3.2	3.1	3.1	3.3
Eliminations	**-3.7**	-3.7	-3.0	-2.9	-2.9	-3.0
Group, total	**169.7**	**140.7**	**266.7**	**136.3**	**136.6**	**132.6**

Operating profit (EUR million)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**5.8**	5.4	17.9	2.4	3.3	4.4
International operations	**-1.9**	-2.6	-2.6	-1.4	-1.9	-2.4
Other Operations	**-0.9**	-1.1	-2.1	-0.8	-1.7	-1.0
Eliminations	**0.0**	0.0	0.0	0.0	0.0	0.0
Group, total	**3.1**	**1.8**	**13.2**	**0.2**	**-0.3**	**1.0**

Operating profit (%)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Domestic operations	**3.9**	4.5	7.2	1.9	2.5	3.5
International operations	**-9.9**	-13.0	-14.9	-18.1	-36.2	-28.4
Group, total	**1.8**	**1.2**	**4.9**	**0.2**	**-0.2**	**0.8**

Order backlog (EUR million)	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Domestic operations	**661.7**	658.3	711.2	745.8	564.8	589.8
- business construction	**325.4**	329.4	362.2	371.5	233.3	277.7
- housing construction	**336.4**	328.8	349.0	374.2	331.5	312.0
International operations	**84.5**	102.4	99.6	116.5	108.7	112.4
Group, total	**746.3**	**760.7**	**810.8**	**862.3**	**673.5**	**702.2**
- sold order backlog	**551**	570	596	710	530	569
- unsold order backlog	**195**	191	215	153	143	133

Order backlog, housing construction in Finland

(EUR million)	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Negotiation and construction contracts under construction	**155**	153	160	164	124	131
Developer contracting under construction, sold	**56**	57	49	98	94	78
Developer contracting under construction, unsold	**103**	92	115	95	92	71
Developer contracting completed and unsold	**21**	27	26	18	21	32
Housing construction, total	**336**	**329**	**349**	**374**	**332**	**312**

Invested capital (EUR million)	30.6.12	31.3.12	31.12.11	30.9.11	30.6.11	31.3.11
Domestic operations	**270.2**	228.8	249.2	233.3	248.7	215.6
International operations	**198.5**	198.6	210.8	194.0	193.3	182.7
Other and eliminations	**3.3**	7.8	-6.0	14.9	4.4	12.3
Group, total	**472.0**	**435.1**	**454.0**	**442.2**	**446.5**	**410.6**

Residential production in Finland (units)	4-6/12	1-3/12	10-12/11	7-9/11	4-6/11	1-3/11
Developer contracting						
Start-ups	**171**	24	191	61	205	122
Sold	**154**	98	100	92	143	147
Completed	**122**	99	351	74	41	67
Completed and unsold [1)]	**85**	102	90	43	53	86
Under construction [1)]	**2 060**	2 188	2 197	2 504	2 243	1 956
- negotiation and construction contracts [1)]	**1 464**	1 641	1 575	1 693	1 419	1 296
- developer contracting [1)]	**596**	547	622	811	824	660
- of which sold [1)]	**221**	206	195	428	420	350
- of which unsold [1)]	**375**	341	427	383	404	310

1) at the end of the period

3. Segment information

Assets (EUR million)	30.6.12	30.6.11	change, MEUR	change, %	31.12.11
Domestic operations	**378.4**	339.1	39.3	11.6	**376.0**
International operations	**217.9**	206.4	11.5	5.6	**228.2**
Other Operations	**274.7**	315.1	-40.5	-12.8	**324.2**
Eliminations	**-267.7**	-308.2	40.6		**-340.1**
Group, total	**603.4**	552.4	50.9	9.2	**588.3**

Liabilities (EUR million)	30.6.12	30.6.11	change, MEUR	change, %	31.12.11
Domestic operations	**320.4**	290.6	29.8	10.3	324.6
International operations	**223.2**	215.1	8.1	3.8	228.9
Other Operations	**133.1**	170.1	-36.9	-21.7	177.8
Eliminations and other adjustments	**-240.5**	-285.8	45.3		-312.7
Group, total	**436.2**	390.0	46.3	11.9	418.7

Invested capital (EUR million)	30.6.12	30.6.11	change, MEUR	change, %	31.12.11
Domestic operations	**270.2**	248.7	21.5	8.6	**249.2**
International operations	**198.5**	193.3	5.1	2.7	**210.8**
Other and eliminations	**3.3**	4.4	-1.1	-25.4	**-6.0**
Group, total	**472.0**	446.5	25.5	5.7	**454.0**

Return on investment, %	1-6/12	1-6/11	1-12/11
Domestic operations [1)]	**8.8**	7.9	**13.6**
International operations [1)]	**-3.4**	**-3.1**	**-2.6**
Group, total [1)]	**2.7**	**1.4**	**4.5**

1) In calculating the key ratio only the profit for the period has been annualised

Inventories (EUR million)	**30.6.12**	30.6.11	change, MEUR	**31.12.11**
Land areas and plot-owning companies	**178.4**	**196.3**	**-17.8**	**187.8**
Domestic operations	86.8	102.8	-16.0	95.5
International operations	91.7	93.5	-1.8	92.2
Work in progress	**140.8**	**86.9**	**53.9**	**97.0**
Domestic operations	134.9	85.8	49.1	93.2
International operations	6.0	1.1	4.8	3.8
Shares in completed housing corporations and real estate companies	**26.4**	**46.4**	**-20.1**	**30.8**
Domestic operations	24.0	43.3	-19.3	27.9
International operations	2.4	3.1	-0.8	2.9
Other inventories	**37.9**	**31.1**	**6.9**	**38.9**
Domestic operations	7.3	11.1	-3.9	6.4
International operations	30.7	19.9	10.7	32.5
Inventories, total	**383.6**	**360.7**	**22.9**	**354.4**
Domestic operations	252.9	243.0	10.0	223.0
-shares in associated companies and joint ventures	1.1	0.5	0.6	0.8
International operations	130.6	117.7	12.9	131.4
-shares in associated companies and joint ventures	29.6	19.5	10.1	29.6

4) Events after the end of the reporting period

After the review period, an appeal seeking a change to a Helsinki City Council decision on the Kalasatama Centre city plan was filed with the Helsinki Administrative Court. SRV and the City of Helsinki will review if the appeal has an impact on the current timetable of the Kalasatama Centre project.

The project extends over a lengthy period of time and it is estimated that the possible delay will not have an impact on SRV's full-year guidance or the overall timetable of the project. On 30 June 2012, around EUR 20 million was committed to the Centre's preliminary construction works.